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SUBJECT: JULY 5, 1976 OECD-XCSS RESTRICTED BUREAU DINNER

1. SUMMARY: XCSS RESTRICTED BUREAU DINNER MEETING
DISCUSSED (1) EAST-WEST ECONOMIC RELATIONS AND (2) CO-
ORDINATION OF NORTH/SOUTH ISSUES. THE U.S. PROPOSAL FOR
OECD SECRETARIAT STUDY OF EAST-WEST ECONOMIC RELATIONS
RECEIVED CAUTIOUS RECEPTION BUT GROUP INFORMALLY AGREED
TO SEIZE THE OECD WITH THE ISSUE IN A SERIOUS WAY. OECD
SECRETARIAT WILL UNDERTAKE A LIMITED FACTUAL STUDY OF
TRENDS, GROWTH AND POTENTIAL MACRO-ECONOMIC EFFECTS OF
EAST-WEST ECONOMIC RELATIONS IN ADVANCE OF NEXT XCSS
MEETING.

2. WITH RESPECT TO NORTH/SOUTH RELATIONS, THE GENERAL
CONSENSUS WAS TO (1) USE EXISTING MECHANISMS (HIGH
LEVEL GROUPS ON COMMODITIES AND NORTH/SOUTH, TWP AND
IEA) TO COORDINATE DIALOGUE AND (2) ACCEPT THE NEED FOR
LONG TERM PLANNING OF DEVELOPMENT STRATEGY. HOW AND
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WHERE THIS LONG-TERM PLANNING SHOULD BE DONE WAS ALSO

DISCUSSED BUT NO GENERAL CONSENSUS EMERGED. END SUMMARY

3. EAST-WEST ECONOMIC RELATIONS: AT XCSS BUREAU DINNER HOSTED BY SWISS AMBASSADOR TO OECD, UNDER-SECRETARY ROGERS ELABORATED ON U.S. PROPOSAL FOR OECD REVIEW OF EAST-WEST ECONOMIC RELATIONS EMPHASIZING THAT U.S. WAS PROPOSING THAT THE SECRETARIAT UNDERTAKE A FACTUAL STUDY FOR PRESENTATION TO THE NEXT XCSS MEETING. THE GENERAL REACTION WAS ONE OF CAUTION AND, IN SOME QUARTERS, EVEN SUSPICION. THE POLITICAL OVERTONES OF THE ISSUE WERE TOO APPARENT FOR SOME. THE FRENCH (DE NENTEUIL) CRABBED THAT ANY EXAMINATION BY THE OECD OF EAST-WEST ECONOMIC RELATIONS, NO MATTER HOW FACTUAL, HAD MAJOR POLITICAL CONNOTATIONS. EC (HIJZEN) FELT ONLY TWO OF THE SEVEN ISSUES WOULD IN THE END PROVE APPROPRIATE FOR OECD DISCUSSION; FRG (ABRAMOWSKI) ASKED WHAT U.S. HAD IN MIND WHEN IT MENTIONED POTENTIAL "MISUSE OF ECONOMIC RELATIONS FOR POLITICAL PURPOSES" AND RAISED THE QUESTION OF THE PROPER OECD BODY TO UNDERTAKE SUCH A BROAD STUDY; IEA (LANTZKE) MUSED ABOUT ULTIMATE U.S. OBJECTIVES IN DOING THE STUDY. VAN LENNEP WAS TRULY HELPFUL. HE EMPHASIZED THE NEW DIMENSIONS OF EAST-WEST ECONOMIC RELATIONS. IN THE END, THE GROUP AGREED THAT THE ISSUE WAS IMPORTANT AND THAT SECRETARIAT SHOULD BE ASKED TO DO A STUDY BEFORE THE NEXT MEETING.

4. NORTH/SOUTH: JOLLES INTRODUCED THE ISSUE BY REFERRING TO RECENT OEVD MINISTERIAL DECLARATION WHICH RECOGNIZED THE NEED FOR ENHANCED COORDINATION ON NORTH/SOUTH ISSUES AND ASKED FOR VIEWS ON HOW THIS COORDINATION COULD BE IMPROVED. SWEDEN (DENNIS) BLUNTLY STATED THAT IT WAS IMPOSSIBLE TO COORDINATE VIEWS ON NORTH/SOUTH ISSUE. U.K. CHAIRMAN OF HIGH-LEVEL GROUP ON COMMODITIES (PRESTON) AGREED IT WAS DIFFICULT, NOTED THAT IN COMMODITY AREA A COMMON RESPONSE WAS PROBABLY NOT POSSIBLE, BUT URGED THAT AN EARLIER EXCHANGE OF POSITIONS COULD BE A GREAT STEP FORWARD. ROBERT (CHAIRMAN OF HIGH LEVEL NORTH/SOUTH GROUP) SAID HE FELT THAT HIS GROUP HAD BEEN A FAILURE, LIMITED OFFICIAL USE

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THAT IT SHOULD BE ABOLISHED AND ITS FUNCTIONS ABSORBED BY THE XCSS.

5. NEVERTHELESS, IN SPITE OF A WANDERING DISCUSSION, THE GENERAL CONSENSUS ON SHORT-TERM COORDINATION WAS THAT EXISTING MECHANISMS (E.G. THE HIGH LEVEL GROUPS ON COMMODITIES AND NORTH/SOUTH, TWP AND IEA) SHOULD CONTINUE TO COORDINATE AND BACKSTOP THE CIEC. THERE

WAS, HOWEVER, A GENERAL EUROPEAN VIEW THAT HIGH LEVEL GROUPS SHOULD NOT LIMIT THEIR FOCUS TO CIEC BUT SHOULD DEAL WITH COMMODITY AND NORTH/SOUTH ISSUES IN BROADER CONTEXT. DETAILED TACTICS AND COORDINATION FOR CIEC SHOULD, ACCORDING WITH THIS VIEW, BE DONE IN G-8. AS EVENING PROGRESSED THE HEAT TOOK ITS TOLL AND NO GENERAL VIEW EMERGED ON THE QUESTION OF THE LONGER TERM NORTH-SOUTH PLANNING STRATEGY EFFORTS. TURNER UNQUOTE KISSINGER

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